



STEVE COOLEY  
LOS ANGELES COUNTY DISTRICT ATTORNEY

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18000 CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER  
210 WEST TEMPLE STREET LOS ANGELES, CA 90012-3210 (213) 974-3501

June 29, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZE THE LOS ANGELES COUNTY DISTRICT ATTORNEY TO  
ACCEPT GRANT FUNDS FROM THE STATE OF CALIFORNIA,  
DEPARTMENT OF INSURANCE (SCDI), FOR THE  
ORGANIZED AUTOMOBILE FRAUD INTERDICTION ACTIVITY  
"URBAN GRANT" PROGRAM FOR FISCAL YEAR (FY) 2003-04 THROUGH  
FY 2005-06 (ALL DISTRICTS) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Adopt the enclosed Resolution authorizing the District Attorney, on behalf of the County of Los Angeles, to accept three-year grant funds for the Urban Grant Program from SCDI. The total grant award amount for three fiscal years is \$6,079,900, beginning July 1, 2003 and ending on June 30, 2006. For FY 2003-04, the grant award amount of \$1,979,900 will offset approximately 89 percent of the total program cost with the remaining balance being absorbed by the District Attorney's Office. The following two fiscal years are awarded \$2,050,000 each, and will fully offset the program cost.
2. Authorize the District Attorney to execute the Grant Award Agreement, on behalf of the County of Los Angeles.
3. Authorize the District Attorney or his designee, on behalf of the County of Los Angeles, to serve as project director and to sign and approve any revisions to the Grant Award Agreement that do not affect the net County cost of the Agreement.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On December 18, 2001, your Board approved acceptance of Urban Grant funds from SCDI for FY 2001-02 and FY 2002-03. On May 18, 2004, the District Attorney's Office received a Grant Award Agreement to combat organized automobile insurance fraud and economic auto theft activity in Los Angeles County. FY 2003-04 is funded in the amount of \$1,979,900, with FY 2004-05 and FY 2005-06 being funded at the level of \$2,050,000, for a total grant award of \$6,079,900.

As part of the Grant Award Agreement, the SCDI requires adoption of the enclosed Resolution, which has been approved as to form by County Counsel.

### **Implementation of Strategic Plan Goals**

Acceptance of the grant funds supports the County's Strategic Plan Goal No. 4, Fiscal Responsibility by securing an available revenue source at the state level. This program directly supports the District Attorney's core mission to vigorously prosecute felony crimes, such as organized automobile insurance fraud and economic auto theft activity, throughout the County.

### **FISCAL IMPACT/FINANCING**

The total SCDI grant award is \$6,079,900 for three fiscal years. The grant award amount is \$1,979,900 for FY 2003-04, which offsets 89 percent of the total program cost with the remaining balance being absorbed by the District Attorney's Office. FY 2004-05 and FY 2005-06 are being funded at \$2,050,000 each year which will fully offset program cost.

Funding for this program has been included in the department's 2003-04 and 2004-05 budget. Future grant funding will be included in the FY 2005-06 budget.

If funding for this program were terminated, an evaluation would be conducted to determine whether the program would either be continued with costs absorbed by the department, or discontinued with the reallocation of staff to vacant budgeted positions.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The provisions of Section 1874.8 of California Insurance Code authorizes the State Department of Insurance to award and distribute certain funds to district attorneys submitting plans approved by the Bureau of Fraudulent Claims for the increased investigation and prosecution of organized automobile insurance fraud activity.

The District Attorney's caseload for this program is generated from the newly formed "1050" Task force, private and public sectors. The Task force was established with Urban Program funding, and is comprised of five teams of investigators, each containing investigators from the District Attorney, SCDI, and some include investigators from the California Highway Patrol. Referrals are received through an intake process of letters, telephone calls, and meetings with members of the public and private sectors, and law enforcement. Program prosecutors are assigned to investigations at the earliest opportunity and monthly meetings of interested agencies take place to ensure cases are worked cooperatively through all stages of investigation and prosecution. All available laws are utilized to combat larger targets such as attorneys, doctors and management companies involved in producing and processing fraudulent auto insurance claims. In addition, the District Attorney's Office continues to assume a prominent role in the drafting and analysis of proposed legislation to clarify existing laws, and increase penalties for crime relating to insurance fraud. The department also employs the latest technology to fight fraud, including extensive computer support for staff, and access to numerous nationwide sources of information.

In FY 2002-03, 92 arrests were made. This is a 104 percent increase from the 45 arrests made during October 1, 2001 through June 30, 2002. Also, the number of search warrants served increased from 63 to 215, or a 241 percent increase.

Estimated program goals for FY2003-04 include the initiation of 25 to 50 new prosecutions.

This grant funds 15 full-time positions as reported on the Grant Management Statement attached to this Board letter.

The Honorable Board of Supervisors  
June 29, 2004  
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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

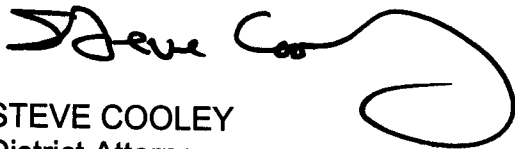
This program does not propose attorney staff augmentation. Therefore, the District Attorney's Office is not subject to the Board motion of December 15, 1998 requiring clearance with the Alternate Public Defender, Probation, Public Defender, and Sheriff's Departments.

**CONCLUSION**

Acceptance of grant funds is strongly recommended.

Following Board approval of this program, the Executive Officer-Clerk of the Board is requested to return two (2) copies of the adopted Board letter and Resolution, containing original signatures, to Emily Aidells, Contracts and Grants Unit, Los Angeles County District Attorney's Office, 201 North Figueroa Street, Suite 1300, Los Angeles, California 90012. Any questions may be directed to Ms. Aidells at (213) 202-7674.

Very truly yours,

A handwritten signature in black ink, appearing to read "Steve Cooley", with a large, stylized loop at the end.

STEVE COOLEY  
District Attorney

mmb

Enclosures

c: Chief Administrative Officer  
County Counsel

1                                   **BOARD OF SUPERVISORS**  
2                                   **COUNTY OF LOS ANGELES**

3                                   **RESOLUTION**

4                                   Authorization to Accept a Grant Award from the  
5                                   State of California, Department of Insurance  
6                                   Pursuant to California Insurance Code 1874.8

7                                   **WHEREAS**, the provisions of Section 1874.8 of the California  
8 Insurance Code authorize the State Department of Insurance to award and  
9 distribute certain funds to district attorneys submitting plans approved by the  
10 Bureau of Fraudulent Claims for the increased investigation and prosecution of  
11 organized automobile fraud activity; and the District Attorney is charged with  
12 providing prosecution of all felony offenses committed within this County; and

13                                  **WHEREAS**, the Board of Supervisors of Los Angeles County recognizes  
14 that fraudulent organized automobile claims are costing our citizens millions of dollars  
15 annually; and

16                                  **WHEREAS**, the County of Los Angeles, acting through its Board of  
17 Supervisors, desires to combat organized automobile fraud activity by  
18 undertaking a certain project designated the "Urban Grant" Program by the  
19 District Attorney to be funded through funds made available by the State of  
20 California Department of Insurance; and

21                                  **WHEREAS**, the State of California Department of Insurance approved  
22 the fraud reduction plan submitted by the Los Angeles County District Attorney's Office  
23 for Fiscal Years 2003-2004, 2004-2005, and 2005-2006 for the Urban Grant Program  
24 for this specific task;

25                                  **NOW, THEREFORE, BE IT RESOLVED** that the Board of Supervisors of  
26 the County of Los Angeles hereby authorizes and approves acceptance of grant funds  
from the State of California, Department of Insurance, to be used exclusively for the

1 program designated the "Urban Grant" Program for the period covering July 1, 2003 to  
2 June 30, 2006;

3 **BE IT FURTHER RESOLVED** that the County of Los Angeles  
4 hereby authorizes the District Attorney to serve as Project Director and to  
5 perform all further tasks necessary for the completion of the project, including  
6 any extensions, execution and submission of amendments, progress reports, and  
7 payment requests relating to the Grant Award Agreement;

8 **I DO HEREBY CERTIFY** that at a regular meeting of the Board of  
9 Supervisors of the County of Los Angeles, on the \_\_\_\_\_ day of  
10 \_\_\_\_\_, 2004, the forgoing Resolution was adopted.

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1                   **IN WITNESS WHEREOF**, I have hereunto set my hand and  
2 affixed the seal of the Board of Supervisors of the County of Los Angeles this  
3 \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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5                   VIOLET VARONA-LUKENS,  
6 Executive Officer-Clerk of the  
7 Board of Supervisors of the  
8 County of Los Angeles

9                   By \_\_\_\_\_  
10 Deputy

11 APPROVED AS TO FORM  
12 BY COUNTY COUNSEL:

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**Los Angeles County Chief Administrative Office**  
**Grant Management Statement for Grants Exceeding \$100,000**

**Department:** District Attorney

**Grant Project Title and Description**

The Organized Automobile Fraud Interdiction Activity "Urban Grant" Program will combat organized automobile insurance fraud and economic auto theft activity in California's urban areas. Los Angeles County is the state's largest urban area and as a result, the county's percentage of suspected fraudulent claims continues to be disproportionately high. This program has been designed to increase investigation and prosecution of this prevalent crime in Los Angeles County. The Los Angeles County District Attorney's Office, with the collaboration of the California Highway Patrol, California Department of Insurance (CDI), and the Los Angeles Police Department have broken up numerous staging gangs that have caused over \$100 million in losses. Data compiled from year 2000-2002 by the CDI indicate that 40% of California's suspected fraudulent auto insurance claims were from Los Angeles County.

**Funding Agency**  
California Department of Insurance

**Program (Fed. Grant # /State Bill or Code #)**  
Urban Grant (AB1050)

**Grant Acceptance Deadline**

**Total Amount of Grant Funding:** \$6,079,900\*

**County Match:** \$0

**Grant Period:** FY2003-2006    **Begin Date:** July 1, 2003

**End Date:** June 30, 2006

**Number of Personnel Hired Under This Grant:** 15

**Full Time:** 15    **Part Time:** 0

\*Total grant award for 3-year funding cycle. Grant allocation for FY2004 through FY2006 is \$2,050,000 per fiscal year.

**Obligations Imposed on the County When the Grant Expires**

Will all personnel hired for this program be informed this is a grant-funded program? Yes ☒ No ☐

Will all personnel hired for this program be placed on temporary ("N") items? Yes ☒ No ☐

Is the County obligated to continue this program after the grant expires? Yes ☐ No ☒

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes ☐ No ☐

b). Identify other revenue sources Yes ☐ No ☐  
(Describe) \_\_\_\_\_

c). Eliminate or reduce, as appropriate, positions/program costs funded by the grant. Yes ☒ No ☐

**Impact of additional personnel on existing space:** None

**Other requirements not mentioned above:** None

**Department Head Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

S.L. \_\_\_\_\_ 6/10/04